

Lexam Explorations

NEWS RELEASE

LEXAM ANNOUNCES \$3.0 MILLION FINANCING PROCEEDS TO ADVANCE BACA GRANT OIL & GAS PROJECT & TSX-VENTURE LISTING

(All amounts are expressed in Canadian dollars.)

Toronto, July 10, 2006 **LEXAM EXPLORATIONS INC. (TSXV-NEX: LEX.H)** is pleased to announce that it will proceed to raise up to \$3.0 million in a non-brokered private placement through the issue of up to 6.0 million units at a price of \$0.50 per unit in order to advance the 100,000 acre Baca Grant oil and gas project in south-central Colorado. Rob McEwen, Chairman and CEO of Lexam has subscribed for 4.0 million units. The offering will be completed in conjunction with Lexam's application to graduate from the NEX to Tier 2 of the TSX Venture Exchange.

Each unit will consist of one common share of Lexam and one-half of one warrant of Lexam. Each whole warrant will entitle the holder to purchase one common share of Lexam at a price of \$0.70 for a period of two years after the date of the closing of the offering. As a result of the participation of Rob McEwen, the offering will be a Related Party Transaction for Lexam in accordance with TSX-Venture Policy 5.9. The fair market value of the "related-party" component of the offering will be less than 25% of the market capitalization of Lexam. As such, completion of this transaction will not require the approval of the shareholders of Lexam.

The Baca Grant, which is 75% owned by Lexam and 25% by ConocoPhillips, is currently being permitted for two deep natural gas wells that will reach depths equalling 14,000 ft (4,265 m) and a 3D seismic survey that will allow Lexam to better define the targets that have been identified on the property. It is estimated that the 3D seismic survey will be completed at a cost to Lexam of approximately \$1,600,000. On June 20, 2006, Lexam filed on SEDAR (www.sedar.com) an updated Technical Report, which outlines Phase 1 of its exploration program.

In connection with the offering and the graduation of Lexam to Tier 2 of the TSX Venture Exchange, Rob McEwen has agreed to forgive debt owed by Lexam to a company he controls in the aggregate amount of \$402,700. Concurrent with the completion of the offering, Lexam will be issuing approximately 189,852 common shares to insiders of Lexam at a price of \$0.50 per common share and cash considerations totalling approximately \$132,024 to related and non-related parties in order to eliminate the Company's liabilities and become debt free.

Upon completion of the offering, Rob McEwen will own 23,963,474 common shares of Lexam, representing approximately 52.8% of the Company's outstanding shares.

Completion of the Offering and the related shares for debt transaction remains subject to (i) the approval of the TSX Venture Exchange, and (ii) Lexam being elevated to Tier 2 of the TSX Venture Exchange. All securities of Lexam issued pursuant to the Offering and the related shares for debt transaction will be subject to a four month hold period in Canada.

About Lexam Explorations

Lexam Explorations is a Canadian based oil and gas exploration company. Lexam's shares are publicly traded on the **TSXV-NEX: LEX.H**. Lexam is advancing the **Baca Grant oil & gas project** located in the San Luis Valley in southern Colorado.

For further information, please contact:

Ian J. Ball
Vice President, Corporate Development

Corporate Head Office

Toll Free: (866) 441-0690
Tel: (647) 258-0395
Fax: (647) 258-0408
E-mail: info@lexamexplorations.com
Web: www.lexamexplorations.com

Lexam Explorations Inc.
99 George Street, 3rd Floor
Toronto, Ontario M5A 2N4